

There is cash in coal, for the present

But Utah seams are thinning, and mining them means going deeper, and more costly recovery

By Judy Fahys

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One small number you won't see in the state's latest coal industry summary is bound to overshadow all of the big, positive numbers it contains.

Nine.

That's how many miners likely have died this month in the Crandall Canyon mine. It's a number that now casts a sobering light on the many upbeat trends described in the Utah Geological Survey's latest industry review.

Prices for coal are up, and more revenue came out of Utah's coal mines this year than any time in the past decade, according to the state's "Annual Review and Forecast of Utah Coal: Production." Production grew, along with the number of jobs in the mines, the report said.

Although three mines that were active in 2006 closed this year, overall production was up slightly because of increases at the Skyline and West Ridge mines in Carbon County. The 10 operating mines in Utah generated 26 million tons of coal last year and are expected to do the same this year.

"All those things are good for Carbon and Emery counties," said Mike Vanden Berg of UGS.

Yet a few of the passages from "Utah Coal" - compiled before the Aug. 6 cave-in that trapped six miners and the Aug. 16 "bump" that killed three rescuers - suggest trouble ahead.

It hints at the high - and growing - cost of mining deeply buried Utah coal safely. New safety precautions may thin the line between the price Utah's hard-to-mine coal can fetch and what operators spend to mine it, the report also suggests.

Compiled from on-site observations and surveys of the seven coal companies operating in Utah, the report mentions "difficult geologic conditions" at several of Utah's mines. At the Tower, for instance, there are "bounce" problems like the ones that turned deadly at Crandall Canyon this month.

At the Crandall Canyon mine, the report notes: "Up to 11 million tons of reserves still remain in the area, but the complicated geology and the thin lenticular coal seams make mining very difficult."

Meanwhile, at the Dugout, Aberdeen and West Ridge mines in Carbon County, mining will be at depths of 3,000 feet or below, the report points out. And mining at those depths is considered, by definition, complex and expensive.

"Basically, all of the low-hanging fruit is gone," said Vanden Berg. "So the conditions are getting more difficult."

Because Utah's coal is tougher to get at, the costs of mining it are higher. The productivity of Utah miners is lower than the national average of 7.5 tons per employee

hour. At the same time, mining companies are finding a shortage of experienced employees, the report says.

David Litvin, president of the Utah Mining Association, said that technology improvements can help make Utah coal more affordable and safer to mine. He added that the tragedy at the Crandall Canyon mine is certain to have lasting impacts.

"The aftermath of this will go on for months if not years," he said, insisting that putting profits before worker safety does not benefit mine operators. "We do learn from these" accidents, he added. "And the industry is safer and better for it."

Bob Butero, a United Mine Workers director for the western United States and Canada, said that many of the numbers in Utah's latest survey are good for miners, who will find more jobs when the industry is healthy.

"There are some great benefits," he said. "But there also could be some serious problems," especially when operators focus too much on profits.

Kim Link, a spokeswoman for Kansas City-based Arch Coal, also emphasized the importance of safety, noting that her company has just launched a \$1 million "behavior-based" safety program aimed at employees on all levels.

Arch operates three mines in Utah. One of them, the SUFCO mine in Sevier County, has the highest productivity in the state, 11.9 tons per employee hour.

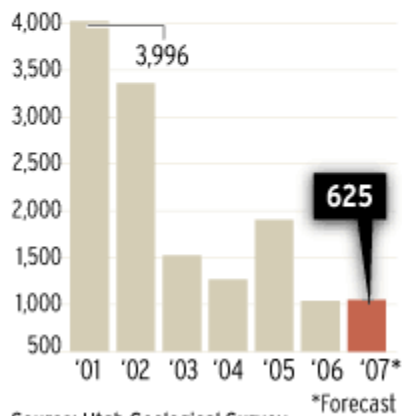
"By no means would we be skimping on safety to get that last ton of coal out of the ground," she said. "We believe that safe mines are productive mines."

fahys@sltrib.com

Crandall Canyon mine

Coal production is declining and may be closer to 325,000 tons if the mine closes because of the Aug. 6 tragedy.

Coal production in thousand short tons

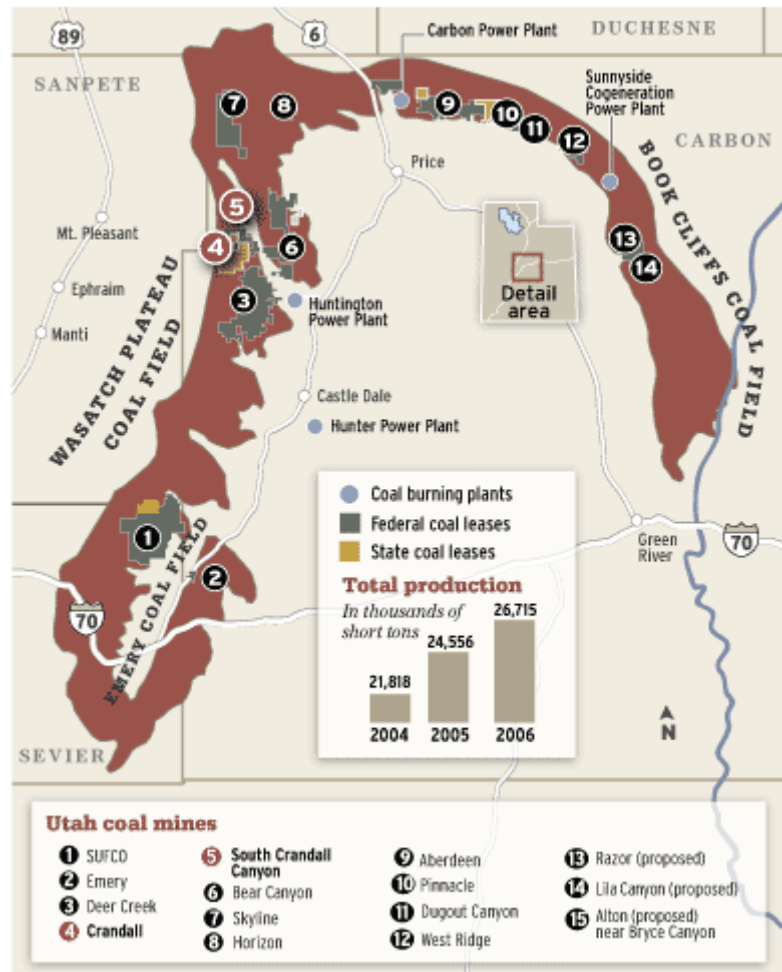


Source: Utah Geological Survey

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Utah coal mines and power plants

Federal and state leases are granted to coal mines. Below you will find those leases.

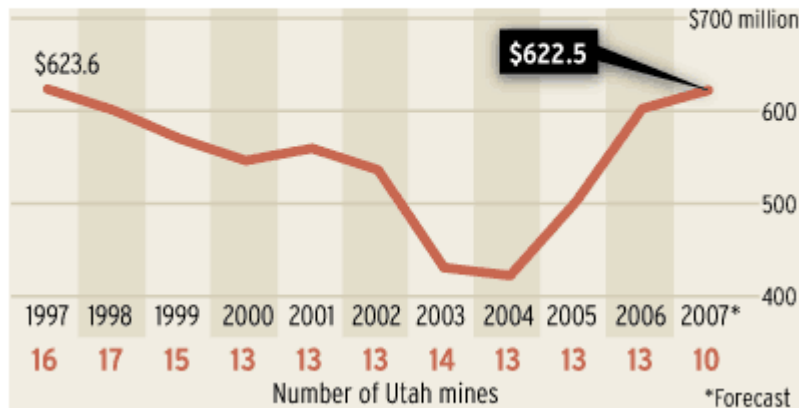


Source: Utah Geological Survey

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Utah coal industry revenue

Although the number of Utah coal mines has dropped over the past decade, Utah's coal industry revenue has surged in the past few years, thanks to rising per-ton prices.



Source: UGS coal company questionnaires

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